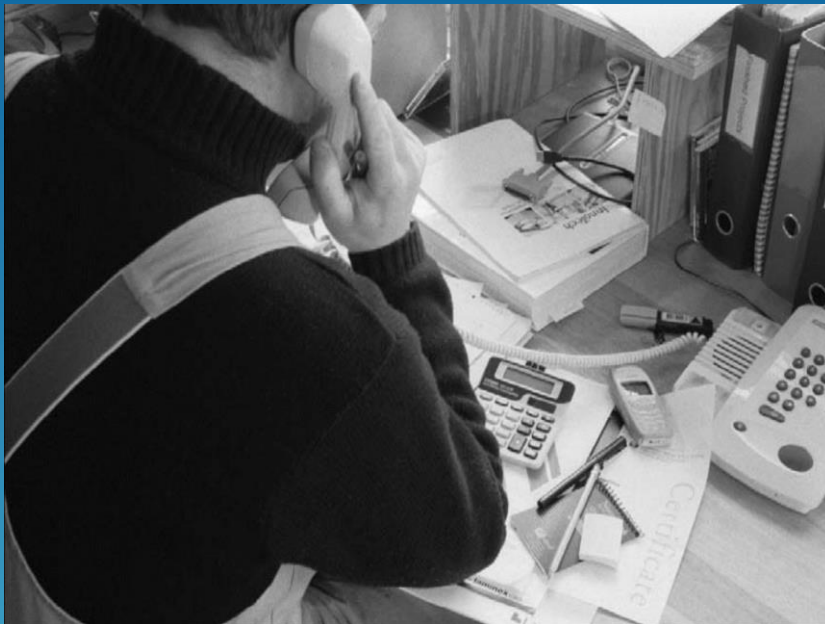


SUBMISSION

Aurora Energy's Disclosure Statement:

Submission to the Independent Accountability Panel for The Energy Charter

October 2019



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About Anglicare Tasmania

Anglicare is a large not-for-profit community service organisation in Tasmania with offices in Hobart, Glenorchy, Launceston, St Helens, Devonport, Burnie, Sorell and Zeehan and a range of programs in rural areas.

Anglicare's services include disability and mental health NDIS services; aged and home care services; housing and homelessness support; programs for children, young people and families; financial counselling; alcohol and other drugs services; and gambling counselling.

Anglicare's Social Action and Research Centre conducts research, policy and advocacy work with on issues affecting Tasmanians on low incomes.

Anglicare Tasmania is committed to achieving social justice for all Tasmanians. It is our mission to speak out against poverty and injustice and offer decision-makers alternative solutions to help build a more just society. We provide opportunities for people in need to reach their full potential through our services, staff, research and advocacy.

Anglicare's work is guided by the values of compassion, hope, respect and justice.

Anglicare believes:

- *that each person is valuable and deserves to be treated with respect and dignity;*
- *that each person has the capacity to make and to bear the responsibility for choices and decisions about their life;*
- *that support should be available to all who need it; and*
- *that every person can live life abundantly.*

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Introduction to submission

Anglicare Tasmania is pleased that Aurora Energy is a founding signatory of The Energy Charter and supports its commitment to going above and beyond the minimum standards of compliance.

Anglicare works with Aurora through our service delivery and our Social Action and Research Centre, and is a long-term and active member of Aurora's Vulnerable Customer Consultative Committee (VCCC).

To prepare this submission, we participated in the online public forum on Wednesday 16th October and surveyed our financial counsellors about relevant client experiences.

Our submission links to four of the five Charter Principles but does not directly address the questions proposed by the Panel.

In summary, we support Aurora's intention to put the customer at the centre of its business model but believe Aurora can make additional improvements, especially within Principle 5 (vulnerable circumstances). Aurora has a focus on debt recovery which would benefit from being expanded to be more responsive to client circumstances related to vulnerability, hardship, trauma and mental ill health. We would like to see additional detail in the Disclosure Statement of how changes in policies and practices will be measured against Charter principles, particularly because the Disclosure does not include targets and details of additional resourcing going forward. We hope future Disclosures will include this detail as well as a delineation of the measures required of Aurora by regulation and those that Aurora has taken freely.

Principle 1: We will put customers at the centre of our business and energy system

Despite being an active member of the VCCC, there were a few items of relevance to the VCCC that Anglicare was unaware of until we read of them in the Disclosure, including Aurora's working relationship with Queensland University of Technology (QUT) regarding energy affordability and vulnerability; Aurora's Customer Experience Strategy; and Aurora's Customer Advocacy Team.

The VCCC was not involved in developing its Disclosure Statement. In response to queries from community representatives, Aurora indicated that there was not adequate time for this. Anglicare notes that other energy companies involved their customer representative body in their process and would recommend Aurora make this part of their process going forward.

Given the focus on connecting the Board, senior staff and customer service staff with customers, and the particular role the VCCC plays in bringing systemic issues to Aurora from customers facing vulnerable circumstances, Anglicare believes there is merit in these sections of Aurora meeting occasionally with the VCCC.

During the reporting period Aurora met with VCCC members to ascertain improvements that could be made to the meeting structure and outcomes. None of these changes have yet been implemented. Anglicare raised concerns about the timeliness of the issues brought to the VCCC and Aurora's commitment to genuine consultation. We note Aurora lists this topic for continuous improvement and hope there will be changes for Aurora to report in the next reporting period.

Recommendations for Aurora (noting the sub-principle the recommendation addresses)

1. *Make the Charter a standing agenda item for its VCCC and ensure a draft of its annual Disclosure Statement is provided to VCCC members prior to its submission. (P 1.4)*
2. *Board and CEO to meet with the VCCC once a year. The aim of this meeting would be to improve mutual understanding of customers' needs and expectations and business direction and limitations. (P 1.1)*
3. *The full range of Aurora's customer service frontline coordinators attend the VCCC at least once a year. The aim of this meeting would be to improve mutual understanding of customers' needs and expectations and business direction and limitations. (P 1.2)*

4. *Change the name of the VCCC to Customer Council and move the focus away from a cohort of customers being considered “vulnerable” to discussing the vulnerability of all customers. (P 1.4)*
5. *Implement the advice provided by members of the VCCC to improve the structure and outcomes of meetings. (P 1.4)*

Principle 2: We will improve energy affordability for customers

Anglicare appreciates the efforts of Aurora to make energy affordable for customers, including publicly questioning the benefits for Tasmanian energy customers of a second Bass Strait Interconnector due to the risks Tasmanian investments could put upward pressure on energy prices.

However there are affordability related issues that warrant further improvement.

During this reporting period, Aurora was promoting its new pay-as-you-go product. Anglicare found some clients were confused about the transition from the old pay-as-you-go to the new product or in their transition to a standard tariff.

For example, some clients were unaware that with the new pay-as-you-go product it was possible to go into debt and they would therefore receive a bill they needed to pay. We also had clients who were experiencing difficulties after moving from the old pay-as-you-go onto a standard tariff. They were struggling to understand how to restrict their electricity use to an affordable level because they had become accustomed to restricting their usage through running low or out of credit. In both situations, Anglicare believes Aurora was not well prepared to respond to customers who had difficulties with literacy or numeracy or mental health.

The imposition of an annual fee for the use of the pay-as-you-go app has been raised by Anglicare, and other members of the VCCC, at numerous VCCC meetings and also via letter to Aurora's CEO. We believe charging for the app is not consistent with the values of the Energy Charter as it does not directly support vulnerable customers, improve energy affordability or deliver a competitive energy solution for customers. Further, we have been unable to find other Australian energy companies that charge for their usage or billing apps; rather a scan of other disclosure statements show some other companies acknowledging that this technology reduces service calls and the company's cost-to-serve and providing apps apparently for free and with additional functionality such as "livechat" or usage data by appliance.

Despite explaining that the new pay-as-you-go product provides Aurora with multiple benefits, including customer payments in advance of consumption, useful data for future product development and reduced customer costs associated with customer service and customer defaults, Aurora's response to the annual fee issue was to claim that other companies providing apps had hidden the cost into their aggregated pricing. Anglicare questions whether the substantial additional income being provided to Aurora through the app fee will be used to improve energy affordability: as of July 2019, 8,828 customers who

had selected the new product were contributing \$350,000 annually whether they utilise the app or not.

Many of our clients do not know how to use the phone app to either understand their energy use or to pay their energy usage. They are therefore paying \$40 annually for no customer benefit.

Further, Aurora has not yet made clear whether recipients of new advanced/smart meters but who choose a standard tariff will have access to an app and whether they also will have to pay an annual app fee. Anglicare does not believe the Charter should accept an energy company charging customers to access their own usage data or make paying bills more convenient.

Recommendations for Aurora (noting the sub-principle the recommendation addresses)

1. *Remove the annual fee for the new pay-as-you-go app. (P 2.1 and 2.2)*
2. *Review the needs of customers transitioning from the old pay-as-you-go to the new pay-as-you-go or onto standard tariff and in particular intervene at an early stage if usage patterns have changed. (P 2.1 and 2.2)*
3. *Make an app available for free for all users of advanced/smart meters. (P 2.1 and 2.2)*

Principle 4: We will improve the customer experience

On a number of occasions, Anglicare has raised with Aurora the difficulty some customers have in understanding their bill. This is particularly so for people with low literacy and numeracy but is also the case for many customers in the Hardship Program or on payment plans due to the nature of Aurora's billing documentation.

Prior to this Disclosure reporting period, Aurora introduced a new billing system with no consultation with the VCCC. Aurora explained to the VCCC the new billing system had been expensive to implement and they were reticent to make further changes because these would increase costs for customers. Members of the VCCC have made a number of suggestions to help Aurora assist people understand their bills while keeping the current bill layout but with no apparent implementation thus far. Anglicare hopes that the principles of the Energy Charter will help guide Aurora's future billing processes.

The main issue noted by our financial counsellors is that people in the Hardship Program receive a bill that does not show the terms of their agreement, including the amount still outstanding. The provision of this information is usual financial practice and we hope that Aurora will make the changes needed to improve the customer experience.

Our financial counsellors are responding to people struggling with a disparity between an estimated bill and an actual reading. For example, a client had been making regular payments to Aurora and, after moving house, continued the same payments. At the new property Aurora was unable to do a couple of meter reads. When the meter reading did occur, the client's energy balance changed by \$1100 because the level of energy usage was higher at the new property. This was difficult for our client to understand. We would like Aurora to consider how to minimise this type of bill shock.

Another customer issue relates to relationship breakdown. Our financial counsellors often support people who have been left by a departing ex-partner in a house with an energy debt outstanding which is in the departing partner's name. Our experience is that before allowing the name on the bill to be changed, Aurora encourages the person remaining in the house to take on the debt that was incurred under the departing person's name. Anglicare has argued this is unconscionable but due to lack of a resolution we are currently gathering case studies to take to Aurora with the hope of making progress on this issue.

Recommendations for Aurora (noting the sub-principle the recommendation addresses)

1. *Provide all customers on payment plans, including those in the Hardship Program, with a bill or notice that clearly states the terms of their agreement, including the*

total amount still owing, how much is expected to be paid per fortnight, and the expected end date for the debt. (P 4.2)

2. *Develop a process to reduce bill shock for customers who receive bill estimations. (P 4.2)*
3. *Cease encouraging people who are left by their ex-partner in a house with a debt to take on that person's debt in order to have the name on the bill changed. (P 4.1)*

Principle 5: We will support customers facing vulnerable circumstances

Aurora rated themselves at the highest level for this Principle: making “strong progress; committed to ongoing continuous improvement”.

Anglicare is supportive of Aurora’s support of the No Interest Loans Scheme and Neighbourhood Houses Tasmania, as well as its intention to establish a Thriving Communities Partnership and look at concession reform.

Anglicare is also supportive of Aurora’s YES program but has raised concerns about some practices. Anglicare has sought additional data and information, in particular regarding the outcomes of interventions. Anglicare’s experience is that the level of service is variable, depending on the individual in the customer service team. This is, in part, because we believe policies and procedures are not clear. We are not aware of the details of the training Aurora reports in this Disclosure but within this reporting period we continued to assist clients who described the customer service staff as judgmental. Financial Counsellors also find that Aurora customer service will sometimes offer customers a better arrangement after a financial counsellor is involved, which indicates Aurora’s initial interaction directly with the customer was probably focused on debt recovery rather than the needs of a person in vulnerable circumstances. For these reasons, Anglicare encourages Aurora to provide trauma-informed training to all staff who interact with customers. This training would assist staff to sensitively provide the best tailored solutions to the customers’ circumstances and would also offer care to staff in understanding and processing vicarious trauma. In conversations with Anglicare, Aurora has recognised the value of this training and we look forward to assisting where appropriate.

Anglicare’s experience is that there is little additional incentive offered by Aurora for a customer to stick to their payment plan. We are concerned there were only 28 home audit visits in the last financial year with only 3 heaters exchanged. We are not aware of any of our clients receiving incentive payments.

Home visits with an Anglicare financial counsellor ceased during the reporting period. Anglicare believed these visits were useful to customers as they were opportunities for on-site financial counselling and significant energy efficiency improvements. We are unaware of home audits occurring in the north or north-west of the state. Noting that home visits used to occur approximately weekly, we hope Aurora is looking into reinstating this support for people facing vulnerable circumstances and extending this service statewide.

During the reporting period, Anglicare was contracted to arrange below usage requests but we were not provided with outcomes for these clients and our contractual arrangements

have now concluded. We are, however, continuing to place below usage requests to Aurora but still with no understanding of the long-term benefits to the customer.

Anglicare believes Aurora does not systemically identify customers experiencing vulnerability early enough nor has sufficient interventions to address the customer's ability to afford their electricity use. We note other Charter signatories utilising predictive modelling to assess likelihood of payment difficulties in the next 6 months, and also the Victorian payment difficulty framework which sets \$55 as the threshold for commencing a conversation about payment difficulties.

Anglicare notes that Aurora sends disconnection notices for bills outstanding of less than the required \$300 threshold. We have been told this is an administrative issue but clearly it is one that breaches the intention of the Charter. We also find a lack of flexibility in Aurora's requirement for copayments when a vulnerable customer is disconnected for non-payment and faces both the payment of their debt and the fee for reconnection, while also coping with a home without the essential service of electricity. This is particularly important in Tasmania where most households are single-source fuel (being electricity).

Anglicare's experience with clients experiencing family violence is Aurora often risks further disadvantaging them through their failure to reconnect or change a bill's name until outstanding amounts are paid.

Further, Aurora does not appear to be able to identify vulnerable customers outside of the YES program. For example, Anglicare is aware of an Aurora customer who notified Aurora during the reporting period of the death of her spouse. The customer was appreciative of the assistance she received at that time because Aurora allowed her to pay her bills in instalments, which Anglicare argues is not exceptional service but rather normal business practice. And yet, within a year of the death of her spouse this customer paid a bill late and incurred interest. Anglicare is not aware of how long Aurora has been charging interest on outstanding bills but sees this as another reason for Aurora to review its billing procedures.

Recommendations for Aurora (noting the sub-principle the recommendation addresses)

1. *Provide regular trauma-informed training to all staff who interact with customers. (P 5.3)*
2. *Incentive payments be increased and the pathway to receive them shared with Anglicare's financial counsellors. (P 5.2)*
3. *Recommit to and extend coverage of home energy audits, along with inviting financial counsellors to assist on site. (P 5.2)*
4. *Increase its heater exchange program, including identifying with Housing Tasmania which public houses still have the energy inefficient Pure Heat heaters. (P 5.2)*
5. *Better serve its customers by identifying vulnerability at an earlier stage. (P 5.1)*
6. *Fix its billing system so that no disconnection notices are issued for amounts below the required \$300. (P 5.1)*

7. *Discuss Aurora's family violence policy at VCCC with the aim of ensuring all staff are properly trained and responses do not further disadvantage people. (P 5.2)*
8. *Discuss with the VCCC its policies and procedures regarding the charging of interest. (P 5.1)*

Conclusions

In conclusion, Anglicare welcomes Aurora's commitment to the Energy Charter and the possibilities this opens to working together to improve outcomes for all Tasmanians.

Anglicare recommends the following four key areas for improvements:

- 1. Greater involvement of the VCCC in setting and reviewing policies and procedures that put the customer at the centre of Aurora's business;*
- 2. Changes to charges for the new pay-as-you-go product and the provision of free apps to all users of smart meters;*
- 3. Changes in policies and procedures to improve the customer experience as well as the provision of bills or notices that clearly state the terms of agreements for people on payment plans or in the Hardship Program; and*
- 4. Trauma-informed training for all frontline staff along with identifying vulnerability at an earlier stage with better supports to assist people to afford their energy use.*